

**Federal Student Aid (FSA)  
Chief Financial Officer (CFO)**

**Procedures for Reconciling Lender Form 799 to FMS**

**How does the Lender Form 799 to FMS reconciling process work?**

**The process involves 14 basic steps**

1. Obtain the following items:
  - Raytheon Lender Form 799 Report
  - FMS 712 Electronic Funds Transfer Report
  - FMS 1166 Schedule of Payments Report
  - FMS Accounts Payable Batch Report
  - FMS AP G/L Detail Report
  - FMS T/Bs
2. Note the net payment amount for the quarter as listed on the Raytheon Lender Form 799 Report.
3. Compare net payment amount on the Raytheon Lender Form 799 Report to the corresponding G/L account detail from the FMS T/B.
4. Query FMS to obtain detail transactions to support G/L account balances and ensure payment agrees with T/B postings.
5. Identify detail transactions that comprise differences
6. Ensure prior period timing differences clear in the current period being reconciled, and if not, continue to reflect as outstanding timing differences
7. Determine whether differences are timing or permanent differences
8. Research and analyze permanent differences to determine appropriate action to resolve the difference
9. Make recommendations to management to resolve any systemic differences identified
10. Propose journal entries to correct non-recurring differences, as appropriate
11. Ensure all entries correcting permanent differences are posted properly
12. When all differences have been identified, analyzed and correcting entries made as appropriate the preparer will sign the reconciliation and forward for review/approval.
13. Reviewer will review the reconciliation and either approve the reconciliation or return it to the preparer, for further analysis and resolution.
14. Approved reconciliations will be maintained in hard copy and soft copy and made available to auditors upon request.

**What does this document do?**

This document specifies the procedure for reconciling Form 799 Lender payments processed by Raytheon and posted to FMS.

**What is the policy on reconciling Form 799 to FMS?**

The Raytheon Form 799 Lender Report should be reconciled to FMS to verify that the transactions are accurately posted to FMS, which is the Department of Education's standard general ledger. These reconciliations should be performed preferably on a quarterly basis.

**Who must follow the procedures in this document?**

All members of the Chief Financial Officer (CFO) – Accounting Division (AD), must comply with these procedures for the process to which it relates.

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**14 basic steps for reconciling the Form 799 to FMS:**

**1) Obtain the necessary Form 799 and FMS reports.**

**As an AD member you must obtain the following reports:**

**When?**

Within five days of the quarterly  
books closing in FMS

- Raytheon Lender Form 799 Report
  - FMS 712 Electronic Funds Transfer Report
  - FMS 1166 Schedule of Payments Report
  - FMS Accounts Payable Batch Report
  - FMS AP G/L Detail Report
  - FMS T/Bs
- a) Obtain Raytheon Lender Form 799 Report from OCFO.
  - b) Obtain the necessary FMS 712 Electronic Funds Transfer Report and FMS 1166 Schedule of Payments Report from OCFO.
  - c) Obtain FMS Accounts Payable Batch Report and the FMS AP G/L Detail Report from Oracle/Discoverer queries.
  - d) Obtain FMS Trail Balance and the FMS G/L Detail Report from Oracle/Discoverer queries.

**2) Locate the net payment amount disclosed on the Form 799 Lender Detail on the FMS 712 Electronic Funds Transfer Report.**

**As an AD member you must:**

**When?**

Immediately upon completion  
of gathering of reports

- a) Find the lender ID and payment amount on the relevant Form 712 EFT Report. The 712 Electronic Funds Transfer report is found the chronological I.P. Schedule folder by payment date.
- b) Note the 1166 schedule number (also known as the GL schedule number) listed in the upper left hand corner.
- c) Make a worksheet listing the lender, lender ID number, and payment.

**3) Use the GL schedule number provided on the FMS 712 Electronic Funds Transfer Report to pull the FMS 1166 Schedule of Payments Report.**

**As an AD member you must:**

**When?**

Immediately upon completion  
of gathering of reports

- a) Compare the number and transactions and total transaction volume listed on the FMS 712 Electronic Funds Transfer Report and the FMS 1166 Schedule of Payments Report to ensure they are equal.

**4) Query FMS to obtain detail transactions of related Lender 799 G/L account and ensure to payment transactions posted correctly.**

**As an AD member you must:**

**When?**

As soon as payments  
report is available

- a) Use the GL schedule number to run a Discoverer query to obtain the FMS Accounts Payable Batch Report. The Accounts Payable Batch Report provides the journal import number and GL batch number needed to pull the necessary G/L entry.

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- b) Run a Discoverer query to obtain the FMS G/L entry transaction detail. Compare the entry amount to the FMS 712 Electronic Funds Transfer Report and note any differences.
- c) Run Oracle/Discoverer queries to obtain FMS detail transactions to support G/L account balances on FMS T/B for the necessary GL accounts.

**5) Identify detail transactions that comprise differences.**

**As an AD member you must:**

**When?**

Once as part of process to reconcile

- a) For each G/L account with differences, copy the FMS detail transactions for each G/L account into one of reconciliation worksheet tabs. If the detail transaction files are too voluminous identify the supporting worksheet location, e.g., drive s/ file xxx.
- b) Identify differences at the budget limitation and object code level.

**6) Ensure prior period timing differences clear in the current period being reconciled, and if not, continue to reflect these differences in the reconciliation.**

**As an AD member you must:**

**When?**

After completion of step 5

- a) Verify that prior period timing differences clear in the current period.
- b) If differences do not clear continue to reflect as outstanding timing differences.

**7) Determine whether differences are timing or permanent differences.**

**As an AD member you must:**

**When?**

After completion of step 6

- a) Analyze the differences to determine whether the difference is a timing or permanent difference.
- b) A timing difference is typically posted in one system at the end of the month but not in the other.
- c) A permanent difference can result from a recurring systematic cross walk difference or from a manual entry posted to one system and not another.

**8) Research and analyze permanent differences**

**As an AD member you must:**

**When?**

After completion of step 7

- a) Identify the source of all permanent differences.
- b) Determine whether or not the permanent difference is a recurring systemic error or an occasional difference caused by a manual entry. For example, if the difference is caused by a manual journal entry, obtain a copy of the entry and determine if it was keyed and posted properly. The entry may have been mistakenly posted as a debit versus a credit or an incorrect G/L could have been entered during the posting process.

**9) Make recommendations to management to resolve any systemic differences identified.**

**As an AD member you must:**

**When?**

After completion of step 8

- a) Any differences that caused by recurring systemic errors such accounting cross walk errors should be reported to management with a recommendation to resolve the identified errors.
- b) An assessment should be made on the impact of the systemic errors on past reporting periods, which could necessitate a prior period adjustment if the error is material.

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**10) Propose journal entries to correct non-recurring differences, as appropriate.**

**As an AD member you must:**

**When?**

After completion of steps 8 & 9

- a) Make recommendations to post journal entries to correct non-recurring differences caused by manual entries posted to one system and not the other.

**11) Ensure all entries correcting permanent differences are posted properly.**

**As an AD member you must:**

**When?**

Once journal entries from  
step 10 have been posted

- a) Verify that any correcting journal entries is properly posted in a subsequent period to resolve non-timing differences.

**12) When all differences have been identified, analyzed, and correcting entries made, as appropriate the preparer will sign the recommendation and forward for review/approval.**

**As an AD member you must:**

**When?**

After completion of step 11

- a) The preparer will ensure that all differences have been identified, analyzed and correcting entries made.
- b) Before signing the reconciliation and forwarding it for review/approval the preparer will ensure that all worksheets are complete including all supporting reconciliation worksheets agree to summary reconciliation worksheets.

**13) Reviewer will review the reconciliation and either approve the reconciliation or return it to the preparer, for further analysis and resolution.**

**As an AD member you must:**

**When?**

After receiving reconciliation  
from preparer

- a) The reviewer will perform a quality review of the reconciliation worksheets.
- b) If the reviewer finds errors or the worksheets are incomplete he/she will return the worksheets to the preparer for further analysis/correction.

**14) Approved reconciliations will be maintained in hard copy and soft copy and made available to auditors upon request.**

**As an AD member you must:**

**When?**

After Reviewer has approved  
the reconciliation

- a) All approved reconciliations will be retained in hard and soft copy and made available to management or auditors upon request.